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September 9, 1996

Ms. Blanca S. Bayo
Director, Division of Records and Reporting
Florida Public Service Commission
2540 Shumard Oak Boulevard
Betty Easley Conference Center, Rm. 110
Tallahassee, Florida 32399-0850

RE: Docket Nos. 960833-TP and 960846-TP
AT&T and MCImetro's Arbitration with BellSouth

Dear Mrs. Bayo:

Enclosed please find an original and fifteen copies of BellSouth Telecommunication, Inc.'s Answer and Response to MCI's Petition For Arbitration Under the Telecommunications Act of 1996, which we ask that you file in the captioned docket.

A copy of this letter is enclosed. Please mark it to indicate that the original was filed and return the copy to me. Copies have been served to the parties shown on the attached Certificate of Service.

Sincerely yours,

J. Phillip Carver
J. Phillip Carver (2X)

Enclosures

ACK	<input checked="" type="checkbox"/>	cc: All Parties of Record
ATA	<input type="checkbox"/>	R. G. Beatty
APP	<input type="checkbox"/>	A. M. Lombardo
CHP	<input type="checkbox"/>	William J. Ellenberg II
CMU	<input type="checkbox"/>	
CTM	<input type="checkbox"/>	
EGS	<input type="checkbox"/>	
ETA	<input type="checkbox"/>	
EVG	<input type="checkbox"/>	
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CERTIFICATE OF SERVICE
DOCKET NO. 960833-TP and 960846-TP

I HEREBY CERTIFY that a true and correct copy of the foregoing was served by Federal Express and (*) Hand-delivery this 9th day of September 1996 to the following:

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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Petition by MCI for)
Arbitration of Certain Terms)
And Conditions of a Proposed)
Agreement with BellSouth) Docket No. 960846-TP
Telecommunications, Inc.)
Concerning Interconnection) Filed: September 9, 1996
And Resale Under the)
Telecommunications Act)
of 1996)

BELLSOUTH TELECOMMUNICATIONS, INC.'S ANSWER AND RESPONSE
TO MCI'S PETITION FOR ARBITRATION UNDER
THE TELECOMMUNICATIONS ACT OF 1996

BellSouth Telecommunications, Inc. ("BellSouth" or "Company"), through counsel hereby files its Answer (pursuant to Rule 1.110, Florida Rules of Civil Procedure and Rules 25-22.037 and 25-22.0375, Florida Administrative Code) and Response to the Petition of MCI Telecommunications Corporation filed individually and on behalf of its affiliates, including MCIMetro Access Transmission Services, Inc. ("MCIMetro") (collectively, "MCI") for Arbitration Under the Telecommunications Act of 1996, and shows the following:

I. INTRODUCTION

On February 8, 1996, President Clinton signed into law The Telecommunications Act of 1996 (the "Act"). Even before this landmark legislation was enacted, though, BellSouth had conducted negotiations seeking to obtain local interconnection agreements in its region and indeed had reached such agreements with several competitive local exchange carriers. Since February 8, 1996, BellSouth has conducted negotiations pursuant to the Act with more than thirty (30) different companies.

DOCUMENT NUMBER-DATE

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Currently, BellSouth has successfully reached agreements with approximately twenty (20) companies.¹ Most recently, BellSouth resolved all but three open issues in the arbitration cases filed by MFS Communications Co., Inc. in Florida and Georgia. The nature and extent of these agreements has varied depending on the individual needs of the companies, but the conclusion is inescapable. BellSouth has a record of embracing competition and displaying a willingness to compromise with reasonable companies to interconnect on fair and reasonable terms.

Against this backdrop, the Florida Public Service Commission ("Commission") can contrast the posture of MCI. BellSouth and these other companies have resolved differences and are preparing for the new competitive local environment. In contrast, MCI lays literally hundreds of unresolved issues at the Commission's feet, even though MCI, through its affiliate, entered into a partial agreement which, by its terms, left only five major areas unresolved. Somehow these five major issues have now blossomed into hundreds of sub-issues and, apparently, MCI even wants to revisit issues already addressed and agreed upon in the partial agreement.²

BACKGROUND

This arbitration has been filed under the Act. Pursuant to the Act, when parties cannot successfully negotiate an interconnection agreement, either may petition a state commission for arbitration of unresolved issues between the 135th and 160th day from

¹ These agreements include an interim partial agreement between BellSouth and MCIMetro Transmission Services, Inc., which was effective May 15, 1996.

² The Act clearly favors a negotiated resolution of interconnection issues between companies. MCI's approach of "negotiate, agree, then litigate anyway" would undo the benefits of negotiated agreements. The Commission should not allow such an outcome.

the date a request for negotiation was received.³ It is clear from the Act that the petitioner must identify the issues resulting from the negotiations which are resolved, as well as those which are unresolved.⁴

A non-petitioning party to a negotiation under the Act may respond to the other party's petition and provide such additional information as it desires within twenty-five (25) days after the respondent receives the petition.⁵ The Act limits the state commission's consideration of issues to those raised in the petition and any response thereto.⁶

The Commission must, through the arbitration process, resolve the unresolved issues ensuring that the requirements of § 251 and § 252 of the Act are met. The obligations contained in those sections of the Act are the obligations that form the basis for negotiation, and if negotiations are unsuccessful, then form the basis for arbitration. Issues or topics not specifically related to these areas are outside the scope of an arbitration proceeding.⁷ Once the Commission has provided guidance on the

³ 47 U.S.C. § 252(b)(1).

⁴ See generally, 47 U.S.C. §§ 252(b)(2)(a) and 252(b)(4).

⁵ 47 U.S.C. § 252(b)(3).

⁶ 47 U.S.C. § 252(b)(4).

⁷ In response to the Commission's requirement that BellSouth file "a clear description of the provision that have been agreed upon and the issues that are unresolved" (Order No. PSC-96-1039-PCO-TP), August 9, 1996, p. 4) BellSouth has attached a matrix in the same format as Exhibit 4 to the Petition which identifies resolved and unresolved issues. This matrix, like MCI's is, in turn, keyed to Exhibit 3 to the Petition, "MCI Requirements for Inter-carrier Agreements." BellSouth, by submitting this list, does not agree that each and every provision where there is an agreement in principle but no agreement on contractual language or no agreement should be included in the arbitration, or concede that all these provisions are subject to arbitration under the Act. BellSouth is merely attempting in good faith to meet the Commission's directive. BellSouth submits that the arbitration should be confined to a resolution of those issues set out on the issues list to be developed in this proceeding. That process is underway, or discussed herein. The attached matrix is identified as Exhibit 1.

unresolved issues, the parties must incorporate those resolutions into a final agreement to be submitted to the Commission for approval.⁸

Today, any arbitration must consider the impact, if any, of the Federal Communications Commission Order ("FCC Order") regarding the implementation of local competition provisions of the Act, adopted August 8, 1996. It is BellSouth's position, and the position of others, including other state regulatory commissions, that the FCC Order is overreaching and improperly extends the jurisdiction of the FCC. It is also BellSouth's position, evidently also shared by others, that it is regulatory micromanagement of the telecommunications industry.

Unfortunately, given its clear perversion of the intent of Congress, until overturned on appeal (BellSouth, among others, has filed its notice of its appeal of the FCC Order), the FCC's Order must be acknowledged by BellSouth. In order to provide clarity, BST will respond to MCI's Petition and address the FCC's Order herein, and in the testimony or other submissions as this matter proceeds, as well as provide its view of the proper treatment of the issues raised by that order.

BellSouth does submit that if the Commission feels compelled to follow the FCC, the Commission (given the uncertainty surrounding the various appeals of the FCC Order) should consider implementing a true-up mechanism in its final order in this proceeding. In view of the radical wrenching the FCC has given the new federal Act, such protections will at least lessen the extent to which would-be competitors can

⁸ 47 U.S.C. § 252(a).

obtain any unfair competitive advantage garnered during the appeal process or while a stay is being sought.

Finally, as stated above, BellSouth and MCI have negotiated and executed a partial interim agreement which covers numerous issues. Having reached an agreement on a number of issues, MCI should not now be allowed to arbitrate those issues previously resolved through negotiations.

II. SPECIFIC RESPONSE

BellSouth responds to each allegation contained in MCI's Petition, paragraph by paragraph, as follows:

1. As to the allegations of Paragraph 1 of the Petition, BellSouth is without sufficient information or knowledge of the allegations concerning MCI and, therefore, they are deemed to be denied.

2. As to the allegations of Paragraph 2 of the Petition, BellSouth admits these allegations are accurate statements of MCI's current certification in Florida and that MCI meets the definitions of a "telecommunications carrier" and a "local exchange carrier" under the Act.

3. As to the allegations of Paragraph 3 of the Petition, BellSouth is without sufficient information or knowledge of the allegations concerning MCI's representations and, therefore, these allegations are deemed to be denied.

4. As to the allegations of Paragraph 4, BellSouth admits these allegations.

5. As to the allegations of Paragraph 5, BellSouth admits that the Commission has jurisdiction to entertain petitions for arbitration under the Act. BellSouth further admits that the chronology listed by MCI is accurate, and that the

negotiations were conducted, and the arbitration requested are all pursuant to Sections 251 and 252 of the Act. All other allegations, and inferences thereon in Paragraph 5 are denied.

6. As to the allegations of Paragraph 6 of the Petition, under the sub-heading "Significance of this Proceeding," BellSouth admits that the Florida Legislature took steps to alter the structure of the telecommunications industry and the Commission began proceedings to implement the new law. Further BellSouth admits that on February 8, 1996, the President signed the Act into law, and that the Act has as a central purpose, increasing competition into all facets of the telecommunications industry, including both local and long distance services. BellSouth also admits that on August 8, 1996, the Federal Communications Commission ("FCC") adopted its Order entitled Implementation of the Local Competition Provisions in the Telecommunications Act of 1996, CC Docket No. 96-98. All other allegations in Paragraph 6 are denied.

7. As to the allegations of Paragraph 7 of the Petition, BellSouth denies that the sole purpose of the state and federal law is to address local competition. In further response, BellSouth states that the purpose of both the Florida and federal law is the same: to increase competition in all aspects of the telecommunications market. BellSouth denies the implied allegation that it is a "monopolist". BellSouth supports competition in all aspects of the telecommunications marketplace and maintains that regulators should establish a balanced and fair competitive framework. All other allegations contained in Paragraph 7 are denied.

8. As to the allegations of Paragraph 8 of the Petition, BellSouth is without sufficient information or knowledge of the allegations concerning MCI and, therefore,

they are deemed to be denied. Any implication in this paragraph that BellSouth is a "monopolist" is denied.

9. As to the allegations of Paragraph 9 of the Petition, BellSouth denies the self-serving statements contained therein.

10. As to the allegations of Paragraph 10 of the Petition, BellSouth denies that this proceeding and others that are similar will establish terms and conditions under which competition will develop. The Act, in Section 252, simply requires the Commission to resolve each issue set forth by the parties to the arbitration. Negotiated agreements will also establish conditions under which competition will develop.

BellSouth admits that competition in local market should be based on "fair terms as Congress envisioned in the Act." All other allegations contained in Paragraph 10 are denied.

11. As to the allegations of Paragraph 11 of the Petition, the matters contained in this paragraph are in the nature of rhetorical questions and do not require a response, but are deemed to be denied. In further response, BellSouth states that the Commission's role in this arbitration is to resolve issues identified by the parties and that the Commission's standard of review of the issues is already set forth in Section 252 of the Act. All other allegations contained in Paragraph 11 are denied.

12. As to the allegations of Paragraph 12 of the Petition, under the sub-heading of "The Negotiations," BellSouth admits that MCI requested negotiations under the Act and that the parties reached a partial agreement which has been filed with and approved by this Commission on or about the dates recited. In further response, BellSouth states that all negotiations, including those occurring prior to March 26, 1996,

and leading to a partial agreement, were conducted under § 252 of the Act, and that the partial agreement was submitted to and approved by the Commission under § 252 of the Act. All other allegations contained in Paragraph 12 are denied.

13. As to the allegations of Paragraph 13 of the Petition, BellSouth denies the allegation regarding the date negotiations began, but admits that it received a copy of a document entitled "MCI Requirements for Intercarrier Agreements." In further response, BellSouth admits that there is an Exhibit 3 to the petition that purports to be as represented in this paragraph. All other allegations contained in Paragraph 13 are denied.

14. As to the allegations of Paragraph 14 of the Petition, BellSouth admits that additional meetings and conference calls between MCI and BellSouth occurred in June, July and August.

15. As to the allegations of Paragraph 15 of the Petition, BellSouth admits the parties are at an impasse as to certain pricing issues, but further responds that other pricing issues, like the charges for local interconnection were resolved in the partial agreement. Further, BellSouth denies that mutual traffic exchange (or "bill and keep") can be mandated by this Commission. The Act does not preclude parties from bargaining for bill and keep arrangements, however, it does not allow mandated bill and keep arrangements. The remaining allegations contained in this Paragraph are denied.

16. As to the allegations of Paragraph 16 of the Petition, BellSouth denies these allegations.

17. As to the allegations of Paragraph 17 of the Petition, BellSouth denies the allegations, except to reiterate that a negotiated partial agreement has been executed by both parties.

18. As to the allegations of Paragraph 18 of the Petition, BellSouth affirmatively states that MCI, as Petitioner under the Act, is required to specifically state all resolved issues and unresolved issues. The issues raised in this paragraph are not plead with sufficient specificity to allow for a detailed response. In further response, BellSouth states that it is working cooperatively with MCI and the Commission Staff to develop a list of issues to be submitted to the Commission in this arbitration. To this point in time the parties have participated in one issue identification conference, and upon information and belief, a second conference will be conducted on Monday, September 9, the day this response is due. The discussions have worked off of Exhibit 5 attached to MCI's petition in this arbitration. Further, the Commission had rejected MCI's requests for Mediation Plus. All other allegations contained in Paragraph 18 are denied.

19. As to the allegations of Paragraphs 19-25, which have a heading entitled "Mediation Plus," BellSouth states that nowhere in the Act is a process like "Mediation Plus," as described by MCI, set forth. A bifurcated process, such as advocated by MCI in its "Mediation Plus" approach will not lead to an efficient resolution of the unresolved issues; to the contrary, it unnecessarily complicates the procedural schedule. BellSouth remains open to further negotiation on these and any other issues. BellSouth denies the remaining allegations and any inferences thereon contained in Paragraphs 19-25.

By way of further answer, BellSouth states that this Commission has declined to allow MCI's requested "Mediation Plus."

20. As to the allegations of Paragraph 26 and 27, under the heading "Submission of Relevant Documentation," BellSouth admits that documentation is attached to the petition which purports to be as represented in this paragraph as MCI's documentation of the negotiations between BellSouth and MCI. BellSouth denies that any issue should be submitted to the process MCI describes as "Mediation Plus." All other allegations contained in Paragraphs 26 and 27 are denied.

21. As to the allegations of Paragraph 28-32, BellSouth admits that the FCC Order may, if it stands, have a significant impact on the outcome of negotiated and arbitrated agreements. The FCC Order's ultimate affect is unknown. However, as several parties, including BellSouth, have given notice that the FCC Order will be appealed. In further response, MCI's representations regarding the substance of the Order constitute legal conclusions not calling for a response. However, the impact of the Order on the issues in this proceeding will be addressed in the testimony of BellSouth to be filed in this arbitration. All other allegations contained in Paragraphs 28 -32 are denied.

22. As to the allegations of Paragraph 33 of the Petition, BellSouth admits that MCI appears to have attempted generally to categorize the unresolved issues into thirteen major areas. BellSouth denies that its refusal to agree with MCI as to each of these categories creates any sort of barrier to local competition. Further, BellSouth specifically denies that BellSouth's positions are contrary to the Act or the intent of

Congress in framing the Act. All other allegations contained in Paragraphs 33 are denied.

23. As to the allegations of Paragraph 33 of the Petition, sub-paragraph (a), BellSouth denies the allegations. In further response, BellSouth states that it plans to provide access to all of the unbundled elements and capabilities required for a new entrant to provision local telephone service comparable to that provided by BellSouth. Many of the elements requested by MCI are actually sub-elements of the loop. The Act does not require sub-loop unbundling and the provision of these elements is not technically feasible.

24. As to the allegations of Paragraph 33 of the Petition, sub-paragraph (b), BellSouth denies the allegations. BellSouth specifically denies that MCI should be allowed to use unbundled elements in any manner it chooses. MCI should be allowed to combine BellSouth provided elements with their own capabilities to create a unique service. They should not, however, be able to use only BellSouth's unbundled elements to create the same functionality as a BellSouth existing service. For example, it is not appropriate to combine BellSouth's loop and port to create basic local exchange service. All other allegations contained in this subparagraph are denied.

25. As to the allegations of Paragraph 33 of the Petition, sub-paragraph (c), BellSouth denies the allegations. BellSouth believes the price of unbundled network elements should be according to the Act, and therefore must be based on cost and include a reasonable profit. Tariffed prices for existing unbundled tariffed services meet this requirement and are the appropriate prices for these unbundled elements. All other allegations contained in this subparagraph are denied.

26. As to the allegations of Paragraph 33 of the Petition, sub-paragraph (d), BellSouth admits that Section 251(c)(4)(A) of the Act requires BellSouth to "offer for resale at wholesale rates any telecommunications service that the carrier provides at retail to subscribers who are not telecommunications carriers." Certain options or service offerings which are not retail services or have other special characteristics should be excluded from resale. These include contract service arrangements, promotions, grandfathered or obsoleted services, Lifeline assistance programs, N11 service and E911/911 services. BellSouth denies that these services are services which BellSouth is required to make available for resale. All other allegations contained in this subparagraph are denied.

27. As to the allegations of Paragraph 33 of the Petition, sub-paragraph (e), BellSouth denies the allegations. In further response, BellSouth states that the Act requires that rates for resold services be based on retail rates minus the costs that will be avoided due to resale. BellSouth specifically denies that the wholesale discount should be set at the top end of the default range set by the FCC Order, or at any higher level. All other allegations contained in this subparagraph are denied.

28. As to the allegations of Paragraph 33 of the Petition, sub-paragraph (f), BellSouth denies the allegations. In further response, BellSouth states that the issue of branding operator services and directory assistance service is actually an issue of selective routing which BellSouth believes is not technically feasible. Further, BellSouth denies that it should be required to brand services as requested by MCI. BellSouth service technicians will provide generic access cards to customers with the appropriate providers' name (in this case, MCI). BellSouth personnel, when providing services on

behalf of MCI, will not market directly or indirectly to MCI customers. All other allegations contained in this subparagraph are denied.

29. As to the allegations of Paragraph 33 of the Petition, sub-paragraph (g), BellSouth denies the allegations. BellSouth has made available or has under active development electronic interfaces for ordering and provisioning, pre-ordering, trouble reporting and billing data. BellSouth believes, however, that the FCC's January 1, 1997 date is an unrealistic date to require completion of the ongoing work on these electronic interfaces. All other allegations contained in this subparagraph are denied.

30. As to the allegations of Paragraph 33 of the Petition, sub-paragraph (h), BellSouth denies that it should be ordered to adhere to quality standards mandated by MCI. BellSouth believes such is unnecessary and inappropriate. BellSouth admits that it is required to ensure that the quality of network elements provided to third parties is no less than the quality of service provided to itself, to the extent technically feasible. Specific measures of quality, however, are not required under the Act for unbundled network elements. Moreover, it is difficult to predict at this time what valid measures of quality will be appropriate in a new environment. Measures of quality will evolve over time, as the marketplace develops. All other allegations contained in this subparagraph are denied.

31. As to the allegations of Paragraph 33 of the Petition, sub-paragraph (i), BellSouth denies the allegations. BellSouth denies that the Act allows MCI to avoid the imposition of interstate or intrastate access charges merely through the use of unbundled network elements. In further response, BellSouth states that §§ 251 and 252 of the Act do not apply to the price of exchange access. Therefore, this issue

cannot be arbitrated by the Commission, and it should be dismissed. All other allegations contained in this subparagraph are denied.

32. As to the allegations of Paragraph 33 of the Petition, sub-paragraph (j), BellSouth denies that each carrier should be responsible for recovering from its customers the costs incurred in providing remote call forwarding. In further response, BellSouth and MCI agreed to rates for interim number portability in the partial agreement. To the extent that MCI has raised issues arising out of the FCC's recent order on number portability, that order should not be addressed in this arbitration. This issue should not be included in the arbitration. All other allegations contained in this subparagraph are denied.

33. As to the allegations of Paragraph 33 of the Petition, sub-paragraph (k), BellSouth admits that it must provide for interconnection at any technically feasible point within its network, however technical arrangements for interconnection have been addressed in the partial agreement and should not be addressed in this arbitration. BellSouth denies the remainder of the allegations of this paragraph.

34. As to the allegations of Paragraph 33 of the Petition, sub-paragraph (l), BellSouth denies that mutual traffic exchange ("bill and keep") is the appropriate compensation arrangement for local interconnection between BellSouth and MCI. BellSouth believes the rates for transportation and termination of local traffic have been set in the partial agreement and should not be addressed in this arbitration. Further, BellSouth believes the Act does not authorize a Commission to mandate that a party accept bill and keep. All other allegations contained in this subparagraph are denied.

35. As to the allegations of Paragraph 33 of the Petition, sub-paragraph (m), BellSouth denies the allegations. BellSouth specifically denies MCI should be given interconnection and access, unbundling, resale, ancillary services and associated arrangements as requested in its "Annotated Term Sheet." All other allegations contained in this subparagraph are denied.

36. As to the allegations of Paragraph 34 of the Petition, this paragraph does not constitute factual allegations per se, and therefore, does not require a response.

37. As to the allegations of Paragraph 35 of the Petition, BellSouth does not know MCI's intentions and therefore can neither admit nor deny allegations relating to MCI's intentions. Accordingly, these allegations are deemed to be denied. All other allegations contained in this subparagraph are denied.

38. As to the allegations of Paragraph 36 of the Petition, BellSouth admits that MCI has accurately recited portions of Section 251(c)(3) of the Act. All other allegations contained in Paragraph 36 are denied.

39. As to the allegations of Paragraph 37 of the Petition, BellSouth admits MCI has accurately recited Section 3(29) of the Act. All other allegations contained in Paragraph 37 are denied.

40. As to the allegations contained in Paragraph 38 and 39 of the Petition, the allegations purport to paraphrase provisions in the FCC's Order and therefore do not require a response. The provisions of the Order speak for themselves. All other allegations contained in Paragraphs 38 and 39 are denied.

41. As to the allegations contained in Paragraph 40 of the Petition, BellSouth admits that MCI has requested unbundled elements from BellSouth and further

responds that BellSouth has agreed to provide those elements that are technically feasible to provide. All other allegations contained in Paragraph 40 (including all subparts) are denied.

42. As to the allegations of Paragraph 41 of the Petition, BellSouth admits that it has agreed to provide unbundled elements requested by MCI where, and in a manner that is, technically feasible. All other allegations contained in Paragraph 41 are denied.

43. As to the allegations of Paragraph 42 of the Petition, BellSouth admits that MCI's description of the network interface device ("NID") is substantially correct. In further response BellSouth states that unbundling of the NID is not technically feasible. All other allegations contained in Paragraph 42 are denied.

44. As to the allegations of Paragraph 43 of the Petition, BellSouth admits that interoffice trunks provide the ability to connect one location with another and that these trunks allow end users to contact one another. In further response, BellSouth states that dim or dark fiber is neither an unbundled network element, nor is it a retail telecommunications service to be resold. Therefore, there is no requirement under the Act that it be provided by BellSouth to MCI. All other allegations contained in this paragraph are denied.

45. As to the allegations of Paragraph 44 of the Petition, BellSouth states that it has agreed to provide local switching on an unbundled basis to MCI. BellSouth is without knowledge as to MCI's deployment of local switches or its capability to deploy additional switches, and, therefore, these allegations are deemed to be denied. In further response, BellSouth states that what MCI has described as local switching is

actually an issue of selective routing, and that selective routing is not technically feasible. All other allegations contained in this paragraph are denied.

46. As to the allegations of Paragraph 45 of the Petition, BellSouth states that it has agreed to provide access to Advanced Intelligent Network ("AIN") capabilities, but that such access should be accomplished in three phases. Phase I allows third parties access to BellSouth's service creation platform. Phase II provides interconnection of third party providers service platforms to BellSouth's AIN via a "gateway." Phase III provides for direct ISDN connection of third party providers services nodes to BellSouth's AIN. All other allegations contained in this paragraph are denied.

47. As to the allegations of Paragraph 46 of the Petition, BellSouth admits that MCI has requested unbundled loops. In further response BellSouth states that the provision of such loops is not technically feasible where a loop includes an integrated digital loop carrier system. However, this does not preclude MCI from obtaining an unbundled loop to that same premises. All other allegations contained in this paragraph are denied.

48. As to the allegations of Paragraph 47 of the Petition, BellSouth denies the allegations contained therein. In further response, BellSouth states that MCI should be able to combine BellSouth's provided elements with its own capabilities to create a unique service. MCI should not, however, be able to use only BellSouth's unbundled elements to create the same functionality as a BellSouth existing service. The issue of limitations on intraLATA traffic was addressed in the partial agreement as part of the revisions for local interconnection facilities and cannot be subject to this arbitration proceeding. All other allegations contained in this paragraph are denied.

49. As to the allegations of Paragraph 48 of the Petition, BellSouth admits that the Act provides that the rate for unbundled network element be "based on cost... nondiscriminatory and may include a reasonable profit."⁹ To the extent that MCI in this paragraph purports to paraphrase and interpret the FCC's Order, such allegations do not require a response. Any remaining allegations in this paragraph that are factual in nature are denied.

50. As to the allegations of Paragraph 49 of the Petition, BellSouth admits that MCI has correctly quoted the provisions of the Act. In further response, BellSouth denies that it is required under the Act to offer all its services for resale. BellSouth believes that the restrictions it proposes are narrowly tailored, reasonable and nondiscriminatory, but denies that MCI has correctly described the services that would not be available for resale. All other allegations contained in this paragraph are denied.

51. As to the allegations of Paragraph 50 of the Petition, BellSouth admits that MCI has correctly quoted the provisions of the Act. In further response, BellSouth denies that the Commission should set interim wholesale rates at a level 25% below retail rates. BellSouth will provide an appropriate cost study to support a discount rate to be applied to both residential and business services. All other allegations contained in this paragraph are denied.

52. As to the allegations of Paragraph 51 of the Petition, BellSouth denies the allegations contained therein, except to admit that MCI has accurately restated its request for branded services and items. In further response, BellSouth incorporates its

⁹ 47 U.S.C. § 252(d)(1).

response to Paragraph 28, above. All other allegations, and inferences thereon, stand denied. Further, BellSouth states that issues related to the marketing or sales practices of its affiliates, BellSouth Advertising and Publishing Corporation ("BAPCO") are outside the jurisdiction of the Commission and the scope of this arbitration.

53. As to the allegations of Paragraph 52 of the Petition, BellSouth agrees generally with the description of BellSouth's support systems contained in subparagraphs (a)-(e). BellSouth denies the remaining allegations of the paragraph except to admit that MCI has requested real-time electronic interfaces. In further response, BellSouth states that it has made available or has under active development electronic interfaces for ordering and provisioning, pre-ordering, trouble reporting and billing data. BellSouth affirmatively states that the development of the electronic interfaces takes time, and that the FCC's requirement to provide electronic access to all operational support functionality by January 1, 1997 is unrealistic. All other allegations contained in this subparagraph are denied.

55. As to the allegations of Paragraph 53 of the Petition, BellSouth admits that its obligations regarding the quality of services provided to a competing carrier are set out in the Act. Further, BellSouth agrees that performance matrices should be established, but not in this arbitration. BellSouth denies that MCI should receive a credit against bills for resold services for any perceived failure to provide equal quality service to MCI, or that this issue is subject to arbitration. All other allegations contained in this subparagraph are denied.

56. As to the allegations of Paragraph 54 of the Petition, BellSouth denies the allegations contained therein and incorporates by reference its response in Paragraph 31 above.

57. As to the allegations of Paragraph 55 of the Petition, BellSouth denies the allegations contained in therein, except to admit that Section 251 (e)(2) of the Act provides "the cost...of number portability shall be borne...on a competitively neutral basis as determined by the [FCC]," and to admit that BellSouth has filed notice of an appeal of the FCC's Order. Further, BellSouth incorporates by reference its response in Paragraph 32 above.

58. As to the allegations of Paragraph 56 of the Petition, BellSouth denies the allegations contained therein. Further, BellSouth incorporates by reference its response in Paragraph 33 above.

59. As to the allegations of Paragraph 57 of the Petition, to the extent these allegations recite or restate decisions by the Commission or the FCC, the allegations do not call for a response. In further response, BellSouth incorporates by reference its response in Paragraph 34 above.

60. As to the allegations of Paragraph 58 of the Petition, this paragraph contains a narrative description of subsequent paragraphs, and therefore, does not require a response. In further response, BellSouth states that MCI's motion for Mediation Plus has been denied, and that the Commission should only resolve those issues specifically identified on the issues list jointly developed by the parties.

61. As to the allegations of Paragraph 59 of the Petition, BellSouth denies the allegations contained therein, except to admit BellSouth agrees in principle to advance

notification. BellSouth believes adequate notice is given when the tariff change is filed, and during joint engineering meetings which can be scheduled with regularity. All other allegations contained in this paragraph are denied.

62. As to the allegations of Paragraph 60 of the Petition, BellSouth denies the allegations contained therein, except to admit that BellSouth's position is that it must be permitted to accept PIC changes directly from an IXC. All other allegations contained in this paragraph are denied.

63. As to the allegations of Paragraph 61 of the Petition, BellSouth denies the allegations contained therein, except to admit that BellSouth must be allowed to reserve unused capacity in rights-of-way, poles and conduits equal to its five year forecast of needs. All other allegations contained in this paragraph are denied.

64. As to the allegations of Paragraph 62 of the Petition, BellSouth denies these allegations. BellSouth further states that it must be allowed to use any billing system that is efficient and can produce accurate billing. BellSouth does not agree that the type of billing system it employs is a proper subject for arbitration.

65. As to the allegations of Paragraph 63 of the Petition, BellSouth admits that there is agreement in principle and that further negotiations are appropriate.

66. As to the allegations of Paragraph 64 of the Petition, BellSouth admits to the allegations contained therein, except to deny the MCI request for customized covers. Moreover, directory cover issues are not appropriate for this arbitration as they involve issues outside the scope of the Act, and a company which is not subject to the Act (BellSouth Advertising and Publishing Corporation "BAPCO").

67. As to the allegations of Paragraph 65 of the Petition, BellSouth admits the allegations contained therein. BellSouth agrees that in principle these issues have been resolved. Issues relating to cost recovery for dialing parity are beyond the scope of this arbitration and, if necessary, should be dealt with in a proceeding involving a broader base of parties.

68. As to the allegations of Paragraph 66 of the Petition regarding the issue of 555 numbers, BellSouth denies that any issue exists because BellSouth does not deploy 555 numbers beyond the standard 555-1212. BellSouth admits the remaining allegations contained in this paragraph and agrees that these issues are resolved in principle.

69. As to the allegations of Paragraph 67 of the Petition, BellSouth states that to the extent these allegations are intended to raise additional issues for resolution in this arbitration, the allegations are not plead with sufficient specificity to allow for a response. Further, BellSouth states that the Commission should only address in this arbitration those issues identified in the jointly developed issues list. BellSouth agrees that once those issues are resolved, the parties will need, as contemplated by the Act, to incorporate those resolutions, along with negotiated resolution, into a final agreement to be filed for approval with the Commission.

70. As to the allegations of Paragraph 68 of the Petition, these allegations are essentially legal in nature and, therefore, no response is required. Further, BellSouth states that issues relating to the subsequent role of this Commission are outside the scope of an arbitration proceeding, and objects vehemently to MCI's characterizations of activities which must occur as a condition precedent to BellSouth's entry into the

interLATA market in Florida. All other allegations contained in this subparagraph are denied.

71. The remainder of the petition constitutes MCI's prayer for relief which does not call for a response except, insofar as MCI merely restates its position on issues raised in the petition, BellSouth incorporates its response to those positions as set out in this response in the foregoing paragraphs 1-70. Further, BellSouth objects to any attempt by MCI to expand the role of the Commission in this arbitration beyond that provided for in the Act, i.e., to resolve unresolved issues properly identified by the parties.

72. As to all allegations contained in the numbered Paragraphs 1-70 and elsewhere in the Petition, all allegations not specifically admitted are denied.

III. CONCLUSION

WHEREFORE, BellSouth requests the entry of an Order at the conclusion of this proceeding accepting and approving each of its positions in this Arbitration Proceeding as set forth above.

Respectfully submitted this 9th day of September.

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**BELLSOUTH'S MODIFIED VERSION OF
MCI'S EXHIBIT 4
TERM SHEET ITEMS**

This Exhibit is being provided in an effort to be responsive and reflects BellSouth's understanding of MCI's Exhibits 3 and 4. Where we note "agreement in principle" we disagree in most cases, on the specific language. In some cases, MCI's positions as presented on Exhibits 3 and 4 are inconsistent. Also, different positions are indicated for the same issue in different sections of Exhibit 4, e.g., breach of service agreements. BellSouth reserves the right to further respond if our understanding of these issues and positions change.

Issue List	Resolved Via Partial Agreement	Agreement In Principle	Unresolved
I. INTERCONNECTION			
1. Point of Interconnection			
1.1 One POI; no cost	X		
1.2 Any feasible point	X		
1.3 Size network	X		
1.4 No traffic restrictions	X		
1.5 Modify POI w/o contract	X		
1.6 POI not unilaterally defined	X		
1.7 Network inefficiencies			X ¹
1.8 Same facilities & quality	X		
2. Trunking			
2.1 Any point, 2 way traffic	X		
2.2 Combine traffic types	X		
2.3 B8ZS voice & data		X	
2.4 POI @ voice, data, other		X	
3. Traffic Types			
3.1 Equip. for all types traffic	X		
3.2 Local Exchange	X		
3.3 Exchange Access	X		
3.4 IXC Transit	X		
3.5 Other transit	X		
3.6 IN Logical & Physical		X	
3.7 E911, DA, OS	X		
3.8 Network Surveillance		X	
4. Signaling			
4.1 Signaling I/C @ cntrl pts		X	
4.2 SS7 w/all parameters			X
4.3 Access to all links			X
4.4 SPOI @ 56k w/diversity		X	
4.5 Meet Bellcore SS7 specs		X	
4.6 SS7 or MF		X	
4.7 CIP at no charge		X (b. & c.)	X (a.)
4.8 Intercompany 64kbps clear	X		
4.9 TCAP for CLASS	X		

¹ Issue is definitional only

Issue List	Resolved Via Partial Agreement	Agreement In Principle	Unresolved
I. INTERCONNECTION (con't)			
4.10 I/C fair & standards based		X	
4.11 Compatible standards		X	
5. Compensation			
5.1. Exchange Access			
5.1.1 Access @ TSLRIC			X
5.2. Reciprocal Compensation			
5.2.1 Reference Sec. XIII			
5.2.2 No charge for POI prov.	X		
5.2.3 LEC absorb NLC		X	
5.3 SS7 @ TSLRIC			X
5.4 Transit @ TSLRIC			X
6. Business Processes			
6.1. Order Processing			
6.1.1 Dedicated MCI order cntr		X	
6.1.2 Electronic Bonding		X	
6.1.3 ILEC order term to MCI		X	
6.1.4 Automated 2-way trunking		X	
6.2. Provisioning and Installation			
6.2.1 Equal order process time		X	
6.3. Trouble Resolution, Maintenance and Customer Care			
6.3.1 7x24 service centers		X	
6.3.2 VRU call transfer			X
6.3.3 Real time Read/write			X
6.3.4 Real time service notice		X	
6.3.5 w/3rd party contractor			X
6.3.6 Multi-ILEC proc's: NOF		X	
6.3.7 Escalation via NOF		X	
6.3.8 Coordinated repair		X	
6.3.9 7x24 phone #, test line #		X	
6.3.10 Law enforcement		X	
6.4 Billing			
6.4.1 Cycles & Info per MECAB	X		
6.4.2 Multiple Bill/Single Tariff	X		
6.4.3 No MPB dev. charges	X		
6.4.4 IXC inward term call rec.	X		
6.4.5 EMR for Term/Orig	X		
6.4.6 Call rec. in MCI format	X		

Issue List	Resolved Via Partial Agreement	Agreement In Principle	Unresolved
I. INTERCONNECTION (con't)			
6.4.7 Call rec. in MCI media	X		
6.4.8 IXC bill for ILEC transit	X		
6.4.9 Exchange test Files	X		
6.4.10 No RIC for MCI EO	X		
6.4.11 Fraud indemnity			X
7. Quality of service			
7.1 No less than ILEC existing		X	
7.2 P.01 design objectives		X	
7.3 I/C priority over non-emer.		X	
7.4 P.01 install not > 60 days		X	
7.5 Emer. augment Process		X	
7.6 Breach of svc agreements		X	
7.7 Leases; qual. per Bellcore			X
8. Information			
8.1 Confirm translations compl			X
8.2 ILEC-CLEC QOS comps			X
8.3 Exchange of forecasts	X		
8.4 Network ID dbase access		X	
II. NON-DISCRIMINATORY ACCESS TO NETWORK ELEMENTS			
1. Unbundled Element List			
1.1 Local Loop (def.)			X
1.2 Local Switching (def.)			X
1.3 Tandem/Transit (def.)		X	
1.4 Ancillary Service (def.)		X	
1.5 Transport (def.)			X
1.6 Data Switching (def.)		X	
1.7 IN/AIN (reference)			X
2. General Requirements			
2.1 Elements, products, svcs		X	
2.2 No restrictions on comb.			X
2.3 Parity in provisioning			X
2.4 Phys./Logical POI for AIN Ref. Sec. X			
3. Compensation			
3.1 Priced @ TSLRIC			X
3.2 Pricing reflect all factors			X
3.3 Purchase equip. @ cost			X

Issue List	Resolved Via Partial Agreement	Agreement In Principle	Unresolved
II. NON-DISCRIMINATORY ACCESS TO NETWORK ELEMENTS (con't)			
4. Quality of Service			
4.1 Breach of svc. agreements			X
4.2 7x24			X
4.3 New I/F not impact exist.		X	
4.4 Same svc as for ILEC		X	
4.5 Neg. performance metrics		X	
4.6 Customer's svc & features		X	
4.7 Service & Leased parity		X	
4.8 ILEC formal tracking proc's		X	
5. Information			
5.1 Describe all elements		X	
5.2 Describe svc, feat., layout		X	
5.3 Fac. & power handling		X	
5.4 SAG via hard & electronic		X	
5.5 Unbundled elements engin.			X
5.6 Eng. change notices		X	
6. Business Processes			
6.1. Order Processing			
6.1.1 Elect. comm. interface		X	
6.1.2 Order via prov. codes		X	
6.1.3 ULS w/comb. elements			X
6.1.4 Comb. elements packaged		X	
6.1.5 Packaged codes estab.		X	
6.1.6 Retain I/C elements		X	
6.1.7 Attain #'s on-line; vanity		X	
6.1.8 Order switch features			X
6.1.9 Order AIN triggers			X
6.1.10 Neg. svc & disco ordering		X	
6.1.11 Real-time install sched.		X	
6.1.12 Other real-time reqts.			X
6.1.13 Sched. change notif.			X
6.1.14 Expedite & escalations		X	
6.1.15 Customer expedites		X	
6.2. Provisioning and Installation			
6.2.1 Test & turnup proc's			X
6.2.2 Disconnect notice			X
6.2.3 Brand customer notices			X
6.2.4 Test combined elements		X	

Issue List	Resolved Via Partial Agreement	Agreement In Principle	Unresolved
II. NON-DISCRIMINATORY ACCESS TO NETWORK ELEMENTS (con't)			
6.3. Trouble Resolution Maintenance & Customer Care			
6.3.1 Electronic interface items		X	
6.3.2 Misdirected service calls		X	
6.3.3 BLV & emerg. interrupt		X	
6.3.4 7x24 SPOC maint. center		X	
6.3.5 Trouble shooting by ILEC		X	
6.3.6 Escalation process		X	
6.3.7 ILEC mech. loop test		X	
6.3.8 Status reports; ETR		X	
6.3.9 Branded maint. ticket			X
6.3.10 Prescreen & MCI auth.		X	
6.3.11 ALIT/SLIT failure notif.		X	
6.3.12 Branded 'not-at-home'		X	
6.3.13 MCI coordinate dispatch		X	
6.3.14 Alarm response parity		X	
6.3.15 ILEC disaster recov. plan			X
6.3.16 ILEC is single POC			X
6.3.17 Restor. equip dispatch			X
6.3.1 8 Prior notice & influence		X	
6.4 Billing			
6.4.1 CABS format			X
6.4.2 CARE record format		X	
III. NON-DISCRIMINATORY ACCESS TO POLES, DUCTS CONDUITS & ROW			
1. Access			
1.1 Unlimited access			X
1.2 Building entrance conduits			X
1.3 Network interface device			X
1.4 Public/private property		X	
1.5 Unrestricted auth. to attach		X	
1.6 No intervening on permits			X
1.7 Capacity can be made open		X	
2. Compensation			
2.1 Priced @ TSLRIC DELETED			
2.2 Pro-rated costs for improv.			X
2.3 No application fees			X

Issue List	Resolved Via Partial Agreement	Agreement In Principle	Unresolved
III. NON-DISCRIMINATORY ACCESS TO POLES, DUCTS CONDUITS & ROW (CON'T)			
2.4 Fees be fixed		X ²	
2.5 Consistent with the Act		X	
3. Information			
3.1 Notice of changes		X	
3.2 Open access to prints		x	
3.3 Capacity reports			X
3.4 10 day info. response			X
3.5 Timeliness equal to ILEC			X
4. Quality of service			
4.1 Breach of svc agreement			X
5. Business Processes			
5.1 Neutral Processes		X	
5.2 Capacity within 30 days			X
IV. UNBUNDLED LOCAL LOOPS			
1. Unbundled Loop Elements			
1.1 Network Interface device			X
1.2 Loop distribution (def.)			X
1.3 DLC/Cross connect (def.)		X	
1.4 Loop feeder (def.)			X ³
2. General Requirements			
2.1 Ubiquitous availability		X	
2.2 Any point within 500 ft			X ³
2.3 Ubiquitous transport		X	
2.4 No measurement traffic		X	
2.5 Equip. placing & loop trans.			X
2.6 Standard network design		X	
3. Compensation			
3.1 Priced @ TSLRIC			X
3.2 Term & Volume discount			X
3.3 Relief of volume commit			X
4. Business Processes			
4.1. Order Processing			
4.1.1 Mechanized requirement		X	
4.2. Provisioning and Installation			
4.2.1 Automated I/F, forecasts		X	
4.2.2 Completion confirmation			X

² MCI's Exhibit 3 indicates agreement in principle and Exhibit 4 indicates arbitration.

³ MCI indicates agreement in principle; BellSouth believes this is sub-loop unbundling and not technically feasible.

Issue List	Resolved Via Partial Agreement	Agreement In Principle	Unresolved
IV. UNBUNDLED LOCAL LOOPS (CON'T)			
4.3. Trouble Resolution, Maintenance and Customer Care			
4.3.1 Service degrad. notice		X	
4.3.2 ILEC carrier-loop ID		X	
4.3.3 Dispatch scheduling		X	
4.3.4 Dedicated centers			
4.3.5 3rd party contractor			X
4.4. Billing CABS		X	X
5. Quality of Service			
5.1 Reference II.4			
6. Information			
6.1 Reference II.5			
V. UNBUNDLED LOCAL TRANSPORT			
1. Unbundled Local Transport Elements			
1.1 Dedicated trunks (def.)			X
1.2 Interoffice trunks (def.)		X	
1.3 MUX/DCC (def.)		X	
1.4 Dark Fiber (def.)			X
2. General Requirements			
2.1 MCI-Non ILEC I/C avail.		X	
2.2 Bellcore/Industry standards		X	
3. Compensation			
3.1 Priced @ TSLRIC			X
4. Quality of Service			
4.1 Breach of Svc agreement		X	
4.2 Equip. protection @ parity		X	
4.3 Redundant Power @ parity		X	
4.4 Spare facilities @ parity		X	
4.5 Facility Perf. @ parity		X	
5. Business Processes			
5.1. Mech. Order Processing		X	
5.2 3rd party contractor			X
6. SONET Systems			
6.1 Additional reqts intro		X	
6.2 SONET/Bellcore standards		X	
6.3 Access to Perf. data		X	

Issue List	Resolved Via Partial Agreement	Agreement In Principle	Unresolved
V. UNBUNDLED LOCAL TRANSPORT (CON'T)			
6.4 Equipment Protection		X	
6.5 Redundant Power		X	
6.6 Synchronization			X
6.7 Multi-vendor equipment		X	
6.8 DDC connectivity		X	
6.9 Ring requirements			X
6.10 Support Physical Interface IILC		X	
7. Information Ref II.5			
VI UNBUNDLED LOCAL SWITCHING			
1. Unbundled Local Switching Elements			
1.1 Line Port (def.)			X
1.2 Trunk Port (def.)			X
1.3 Switching capacity (def.)			X
1.4 Signaling & dbase (def.)			X
2. General Requirements			
2.1 Purchase @ each EO			X
2.2 Switching functionalities			X
2.3 ULS components			X
2.4 ULS combined w/elements			X
2.5 ULS purchase nets all fxn's			X
2.6 I/C from any source			X
2.7 Loc. Exch. & Sw. Access			X
2.8 ILEC AIN functionality			X
3. Compensation			
3.1 TSLRIC			X
3.2 Line costs - per line			X
3.3 Trunk costs - per mou			X
3.4 BH costs - line & usage			X
3.5 3rd rate; switch matrix use			X
3.6 CLASS; no charges			X
3.7 Centrex @ cost based			X
3.8 TSLRIC for extra centrex			X
4. Quality of Service			
4.1 Same GOS			X
4.2 Breach of Svc agreements			X

Issue List	Resolved Via Partial Agreement	Agreement In Principle	Unresolved
VI. UNBUNDLED LOCAL SWITCHING (CON'T)			
4.3 Monitor LEC GOS			X
4.4 Reference II.4			X
5. Business Processes			
5.1 Electronic processes			X
5.2 Reference II.6			X
6. Tandem Switching			
6.1 Requirements lists			X
7. Information - Reference II.5			
VII. NON-DISCRIMINATORY ACCESS TO DA AND OPERATOR SVC			
911			
1. General Requirements	X ⁴		
1.1 Routing to PSAP		X	
1.2 Default arrangements		X	
1.3 Automated access to dbase		X	
1.4 ID special routing		X	
1.5 Emergency backup #		X	
1.6 Planning into & SS7		X	
1.7 Default ESN plan		X	
1.8 Adopt NENA standards			X
1.9 Adopt carrier codes			X
2. Compensation			
2.1 Equal cost			X
2.2 Priced @ TSLRIC			X
3. Quality of Service			
3.1 Neutral Installation		X	
3.2 Reliability		X	
3.3 ALI dbase updates		X	
3.4 7x24 escalations		X	
4. Information			
4.1 MSAG mechanized; updates		X	
4.2 NXX-PSAP mapping			X
4.3 E911 tandems w/CLLI rpts.		X	
4.4 CO/SWC/rate center report		X	
4.5 NXX overlay boundaries		X	
4.6 dbase by state/area			X
4.7 ALI POC		X	

⁴ 911 is included in the Partial Agreement; however, it does not cover each individual detail outlined below.

Issue List	Resolved Via Partial Agreement	Agreement In Principle	Unresolved
VII. NON-DISCRIMINATORY ACCESS TO DA AND OPERATOR SVC (CON'T)			
4.8 Operator assisted reqts.		X	
5. Business Processes			
5.1 ASR for trunk prov.		X ⁵	
5.2 Trunk restoral @ parity			X
5.3 Network change notices		X	
5.4 Mutual Dis. Recov. Plan		X	
5.5 Interface to AI dbase		X	
5.6 ALI dbase error check		X	
5.7 'Reverse ALI'		X	
5.8 NPA/NXX split plans		X	
5.9 MCI Indemnity			X
DIRECTORY ASSISTANCE			
1. General Requirements	X ⁶		
1.1 DA reach MCI customers		X	
1.2 ILEC store MCI cust. data			X
1.3 Limit ILEC use of MCI data		X	
1.4 411 over ILEC DA		X	
1.5 Resale Operators & system		X	
1.6 DA feeds & ILEC data		X	
1.7 Combined components		X	
1.8 Service enhancements			X
1.9 Branding			X
2. Compensation			
2.1 ILEC storage; no charge		X	
2.2 Reciprocal DA		X	
2.3 DA compensation			X
3. Quality of Service			
3.1 Breach of svc agreements		X	
3.2 Dbase updates timely		X	
3.3 Automated updates			X
3.4 Quality Standards		X	
3.5 Speed-to-Answer		X	
3.6 Dialing Parity		X	
4. Information			
4.1 DA listing rules			X
4.2 Split NXX data exchange		X	
5. Business Processes			

⁵ MCI's Exhibit 3 indicates agreement in principle and Exhibit 4 indicates mediation plus/arbitration.

⁶ DA is included in the Partial Agreement; however, it does not cover each individual detail outlined below.

Issue List	Resolved Via Partial Agreement	Agreement In Principle	Unresolved
VII. NON-DISCRIMINATORY ACCESS TO DA AND OPERATOR SVC (CON'T)			
5.1 DA dbase updates		X	
5.2 Each carrier bills end-users		X	
5.3 Intercompany billing		X	
5.4 CABS format		X	
5.5 Error resolution		X	
OPERATOR SERVICES			
1. General Services	X ⁷		
1.1 BLV-EI		X	
1.2 Resale; services @ parity			X
1.3 MCI Branding @ MCI rates			X
1.4 Services 0+, 0-, LCC			X
VIII. DIRECTORY LISTINGS			
1. General Requirements	X ⁸		
1.1 MCI Info page		X	
1.2 MCI cust. in ILEC book		X	
1.3 MCI directory distribution		X	
1.4 Customized cover			X
1.5 ILEC recycling		X	
2. Types of Directory Listings			
2.1 White Page		X	
2.2 Yellow Page		X	
2.3 Additional White Pages		X	
2.4 Additional Yellow Pages		X	
2.5 Non-pub/non-list		X	
2.6 Foreign listings			X
2.7 Alternate Call Listings		X	
2.8 Information Listings		X	
2.9 Advertising		X	
2.10 List Rentals		X	
3. Business Processes			
3.1 Order Processing			
3.1.1 DA dbase updates		X	
3.1.2 Data elements		X	
3.1.3 Query ILEC listing			X
3.1.4 Multi-line listing		X	
3.1.5 Multi-owner captions		X	
3.1.6 Listing appearances		X	

⁷ Operator Services are included in the Partial Agreement; however, it does not cover each individual detail outlined below.

⁸ Directory Listings are included in the Partial Agreement; however, it does not cover each individual detail outlined below.

Issue List	Resolved Via Partial Agreement	Agreement In Principle	Unresolved
VIII. DIRECTORY LISTINGS (CON'T)			
3.2 Provisioning/Distribution			
3.2.1 Distrib. Arrangements		X	
3.3 Trouble Resolution, Maintenance, Customer Care			
3.3.1 Error Management		X	
3.4 Billing			
3.4.1 Delete			
3.4.2 Yellow Page separate		X	
3.4.3 Advertising/Bolding		X	
3.4.4 Intercompany billing		X	
3.4.5 Administrative billing		X	
4. Compensation			
4.1 Distribution; no charge		X	
4.2 MCI customer inclusion		X	
4.3 Additional Charges		X	
5. Quality of Service			
5.1 Breach of svc agreements		X	
5.2 Listing updates @ parity		X	
6. Information			
6.1 Publishing deadlines		X	
6.2 Service Location		X	
6.3 Calling area descriptions		X	
6.4 Directory update details		X	
IX. NON-DISCRIMINATORY ACCESS TO TELEPHONE NUMBERS			
1. General Requirements	X ⁹		
1.1 3rd Party Admin		X	
1.2 ILEC assign NXX		X	
1.3 No NXX assign restrict.		X	
1.4 Testing & loading NXX		X	
1.5 Deleted			
1.6 Deleted			
1.7 555 line numbers			X
1.8 Abbr. dialing codes		X	
1.9 Obtain numbers; 3rd party		X	
2. Compensation			
2.1 Parity of NXX charges		X	

⁹ Access to Numbers is included in the Partial Agreement; however, it does not cover each individual detail outlined below.

Issue List	Resolved Via Partial Agreement	Agreement In Principle	Unresolved
IX. NON-DISCRIMINATORY ACCESS TO TELEPHONE NUMBERS (CON'T)			
3. Quality of Service			
3.1 Breach of svc agreements			X
3.2 NXX loaded by LATA		X	
4. Information			
4.1 3rd party; routine reporting		X	
4.2 NPA_NXX splits		X	
5. Business Processes			
5.1 Forecasts by indep. agent		X	
X. NON-DISCRIMINATORY ACCESS TO DATABASES AND ASSOCIATED SIGNALING NECESSARY FOR CALL ROUTING AND CALL COMPLETION			
1. General Requirements			
1.1 Discrete purchase			X ¹⁰
1.2 POI @ any feasible		X	
2. Databases Required			
2.1 Examples of dbases			X
3. Compensation			
3.1 No charge for dbase dips			X
3.2 Signaling @ TSLRIC			X
3.3 Dbase access @ TSLRIC			X
3.4 Dbase Free of Charge			X
4. Quality of Service			
4.2 Parity of service		X	
4.3 Tracking of usage			X
4.4 Reliability @ industry std.		X	
4.5 Breach of svc agreements		X	
5. Business Processes			
5.1 ILEC administer dbase		X	
5.2 Validation procedures		X	
5.3 Signaling link @ 56kbps		X	
6. AIN/IN Platform			
6.1 Fully unbundled AIN/IN net.			X
6.2 Unmediated SS7 & AIN			X
6.2.1 TCAP exchnge; SSP/SCP			X
6.2.2 AIN/IN trigger parity			X

¹⁰ MCI indicates agreement in principle on this issue.

Issue List	Resolved Via Partial Agreement	Agreement In Principle	Unresolved
X. NON-DISCRIMINATORY ACCESS TO DATABASES AND ASSOCIATED SIGNALING FOR CALL ROUTING AND CALL COMPLETION (CON'T)			
6.2.3 SVC Mgmt platform			X
6.3 POI per IILC			X
6.4 Forum agreement		X	
6.5 Unmediated			X
6.6 Joint agreement			X
7. Signaling Ref. Sec. I			
XI. LRN/ILNP, RCF, DID OR OTHER ARRANGEMENTS			
1. General Requirements			
1.1 RCF, DID	X		X ¹¹
1.2 LRN by 9/1/97			X
2. Compensation			
2.1 LNP/ILNP costs shared			X
2.2 MCI get access charges	X		
2.3 Dbase cost recover			X
3. Quality of Service			
3.1 Breach of svc agreements			X
3.2 Parity of service			X
4. Information			
4.1 Data format		X	
5. Business Processes			
5.1 Dbase updates			X
5.2 LSR format		X	
5.3 RCF within 2 days			X
XII. NON-DISCRIMINATORY ACCESS TO SUCH SERVICES . . . TO IMPLEMENT DIALING PARITY			
1. Intralata External Issues			
1.1 dialing parity		X	
1.2 Deploy 2 PIC technology			X
2. General issues			
2.1 Dialing protocol			X
2.2 Local Dialing Plan reports		X	
2.3 DA ref Sec IX			
2.4 Dir. Listings ref Sec X			
2.5 Number allocation @ parity		X	

¹¹ DID was not discussed during the negotiations; RCF included in the Partial Agreement.

Issue List	Resolved Via Partial Agreement	Agreement In Principle	Unresolved
XII. NON-DISCRIMINATORY ACCESS TO SUCH SERVICES . . . TO IMPLEMENT DIALING PARITY (CON'T)			
2.6 Call setup @ parity			X
2.7 PDD @ parity			X
2.8 Casual Billing		X	
3. Compensation			
3.1 Cost-share 2 PIC			X
3.2 Cost recovery per FCC			X
3.3 8 year cost recovery			X
3.4 Tracking costs			X
XIII. RECIPROCAL COMPENSATION ARRANGEMENTS			
1. Local Service/Mutual Traffic Exchange			
1.1 MTE immediately	X ¹²		
1.2 Handoff at POI	X		
2. Cost Basis			
2.1 Traffic imbalance	X		
2.2 Priced @ TSLRIC	X		
2.3 Transport cost parity	X		
2.4 Mutual, recip., uniform	X		
2.5 Indep. of switch type	X		
2.6 No mileage element	X		
XIV. RESALE			
1. General Requirements			
1.1 All services available			X
1.2 All rates available			X
1.3 No conditions on resale			X
1.4 Existing dbases provided		X	
1.5 List of services			X
1.6 Grandfathered services			X
1.7 Notice of changes		X ¹³	
1.8 Trials available			X
1.9 Combined with elements			X
1.10 Unbundled vs. resale		X	
1.11 Branding			X
1.12 Unbundled signaling links			X
1.13 Modification of MCI lines		X	
1.14 Retain Phone number		X	

¹² Partial Agreement covers all compensation issues.

¹³ MCI's Exhibit 3 indicates agreement in principle and Exhibit 4 indicates arbitration.

Issue List	Resolved Via Partial Agreement	Agreement In Principle	Unresolved
XIV. RESALE (CON'T)			
1.15 ANIover T1			X
2. Compensation			
2.1 Wholesale minus avoided		X	
2.2 Change charge			X
2.3 Promotions			X
2.4 Single differential		X	
2.5 Additional discount			X
2.6 Annual review			X
2.7 Cost studies			X
2.8 Cost based term discounts			X
2.9 Volume discounts			X
2.10 Revenue commitment			X
2.11 Region-wide commitment			X
2.12 Commit.; resale + unbund.			X
2.13 Discount to SLC; no CCL			X
2.14 No 'Take-or-Pay' penalties			X
2.15 Rates must be tarified			X
2.16 Installation charges			X
2.17 Uncompleted calls		X	
3. Quality of Service			
3.1 Breach of svc agreements		X	
3.2 Installation intervals		X	
3.3 Parity of service			X
3.4 Parity of maintenance		X	
3.5 No impact on access		X	
4. Information			
4.1 Other agreements		X	
4.2 Centrex availability		X	
4.3 Realtime, online		X	
5. Business Processes			
5.1 Order Processes			
5.1.1 CLEC service center			X
5.1.2 Inter/IntraLATA orders		X	
5.1.3 No signed LOA required		X	
5.1.4 Install compl. confirm.			X
5.1.5 Cust. features & services			X
5.1.6 Access to CRIS			X

Issue List	Resolved Via Partial Agreement	Agreement In Principle	Unresolved
XIV. RESALE (CON'T)			
5.1.7 Access to other systems			X
5.1.8 ANI reservations		X	
5.1.9 IXC choice systems		X	
5.1.10 Customer equipment		X	
5.1.11 Automated interface list			X
5.2 Provisioning and Installation			
5.2.1 Completion confirmation		X	
5.2.2 No service disruption		X	
5.2.3 LD and toll traffic		X	
5.3 Trouble Resolution, Maintenance & Customer Care			
5.3.1 Access to systems			X
5.3.2 Carrier ID process		X	
5.3.3 Outage reporting			X
5.3.4 Dedicated service center			X
5.3.5 Operations systems I/F		X	
5.3.6 611; service number			X
5.3.7 Inside wiring option		X	
5.4 Billing			
5.4.1 Wholesale ILEC Billing			
5.4.1.1 Access charges		X	
5.4.1.2 CABS-like format			X
5.4.1.3 No end-user billing		X	
5.4.2 End-user local billing			
5.4.2.1 Daily usage receipt			X
5.4.2.2 Bellcore CMDS access		X	
5.4.2.3 In & Out collect process		X	
5.4.2.4 3rd party In & Out proc.			X
5.4.2.5 Customer billing info.		X	
5.4.2.6 Current usage info.		X	
5.4.3 End-user LD billing			
5.4.3.1 OBF standards		X	
5.4.3.2 Phone # line detail		X	
5.4.3.3 BNA standards			X
5.4.3.4 Current Usage Info.		X	
5.4.4 Deleted			
5.4.5 Deleted			

Issue List	Resolved Via Partial Agreement	Agreement In Principle	Unresolved
XIV. RESALE (CON'T)			
5.4.6 Deleted			
5.4.7 Deleted			
5.4.8 Deleted			
5.4.9 Deleted			
6. PIC Administration			
6.1 Inter/IntraLATA PIC			
6.1.1 Electronic Bonding		X	
6.1.2 LEC provide PIC process.		X	
6.1.3 LEC user changes IXC		X	
6.1.4 CLEC user changes IXC		X	
6.1.5 3rd party auditing			X
6.1.6 Change of IXC PIC		X	
6.1.7 Account maint. process.		X	
6.1.8 IXC data proprietary		X	
6.1.9 FCC Custom. verif. proc.		X	
6.1.10 Notif. of IXC PIC			X
6.1.11 Performance Standards		X	
6.2 Local Carrier Selection			
6.2.1 VRU ID all carriers			X
6.2.2 VRU bypass process			X
6.2.3 Warm-line process			X
6.2.4 Connect orders		X	
6.2.5 Disconnect orders		X	
6.2.6 Former carrier notif.		X	
6.2.7 FCC Custom. verif. proc.		X	
XV. COLLOCATION			
1. General Requirements			
1.1 Suitable for I/C & unbundl.		X	
1.2 Virtual-to-Physical option		X	
1.3 Intra/Interoffice leases		X	
1.4 No equipment restrictions		X	
1.5 CLEC interconnect together		X	
1.6 Not required to build out		X	
2. Compensation			
2.1 Priced @ TSLRIC			X
2.2 Virt-to-Phys borne by LEC			X ¹⁴
3. Quality of Service			

¹⁴ MCI indicates agreement in principle.

Issue List	Resolved Via Partial Agreement	Agreement In Principle	Unresolved
XV. COLLOCATION (CON'T)			
3.1 Breach of svc agreements		X	
3.2 No collocation < 90 days			X
3.3 Impact of Virt-to-Phys		X	
3.4 Time frame of conversion		X	
3.5 Expanded I/C timeframe		X	
4. Information			
4.1 Space availability			X
5. Business Processes			
5.1 No install orders		X	
5.2 CO only rearrangements		X	